

November 15, 2019



# Surge Holdings Reports 21% Increase in Revenue to \$4.9 Million for the Third Quarter of 2019 and Provides Business Update

*Reports continued progress with rollout of SurgePays™ Network through AATAC*

*Asset purchase of ECS prepaid wireless business and software platform adds 9,800 retail locations to SurgePays™ Network*

*Launches SurgeRewards app enabling wireless customers to earn free unlimited service*

*Launches SurgePays™ Reloadable Debit Card*

*Completes investment into SurgeRewards App and Surge Logics InTake CRM Software*

Memphis, TN, Nov. 15, 2019 (GLOBE NEWSWIRE) -- Surge Holdings, Inc. ("Surge") (OTCQB: SURG), developer of the SurgePays™ Network for convenience stores, bodegas and community markets that provide products to the underbanked, today provided a business update and announced financial results for the third quarter ended September 30, 2019.

Brian Cox, CEO and Chairman of Surge Holdings, commented, "I am pleased to report we achieved 21% growth in revenue to \$4.9 million for the third quarter of 2019. That said, the R&D portion of the Surge lifecycle is complete, and each of the subsidiaries are rolling out products to market. We believe we have built a solid foundation for accelerated revenue growth in 2020. Surge has raised over \$3 million in 2019 to support the development of multiple proprietary software programs and applications. I am happy with our team's performance in executing our strategic plan for scalable growth."

"First, we continue to gain traction and are moving ahead aggressively with the rollout of the SurgePays™ Network through AATAC, one of the largest private trade associations, representing over 110,000 retail locations. The SurgePays™ Network offers the merchant a wholesale marketplace to order products from regional manufacturers. At the same time, manufacturers are now able to distribute their products nationwide in a more efficient and effective manner. The AATAC model called for Surge to be coupled with Pastime Foods and Weekend Warrior Wellness' products to be sold, setup and installed in the c-stores and at the same time to share the cost. During phase one, there was a delay in the packaging for one of the third-party companies. During the delay, Surge negotiated an exclusive master distribution agreement with both Pastime Foods and Weekend Warrior Wellness. Through the SurgePays™ Marketplace Portal, these companies' products and payments will all be centralized and aggregated, while additionally allowing Surge to realize more than twice the expected revenue per store from the AATAC rollout. Another benefit is AATAC utilizing SurgePays™ as a solution by requiring its DRIP member stores, 40,000 locations, to be set up on SurgePays™ so that AATAC membership fees can be paid through the SurgePays™ portal. By bringing these member stores online, Surge will be able to assist future AATAC product rollouts and become the FinTech solution for AATAC distribution and payments. This bolsters our mid-term goal of 100,000 retail locations."

"We also announced that we successfully completed the asset purchase of the ECS Prepaid business, which marks a major inflection point for Surge, by immediately adding over 9,800 new retail locations, \$48.7 million in additional projected annualized revenue, and 160 ISO salespeople. Our goal is to immediately integrate the SurgePays Network within these new retail locations so that we can upsell both Surge owned and other wholesale products."

"In August, we announced the successful launch of the SurgePays™ Reloadable Debit Card. According to the FDIC, over 25% of Americans are underbanked, and our card is designed to provide these individuals with a convenient way to manage their money. This integration and onboarding took well over a year, but we feel this was well worth it. Our market rollout will propel forward by requiring SurgeRewards App customers to be a SurgePays™ Reloadable Debit Card holder in order to get their monthly cash reward payments disbursed to their personalized card."

“Another significant investment into software assets was the development and launch of our proprietary SurgeRewards software app. Customers can earn rewards points from the ad impressions that appear when they unlock their phone and by opening the SurgeRewards app to watch videos and ads, as well as by participating in short surveys. The SurgeRewards App allows Surge to more aggressively rollout the SurgePhone Wireless free service offering, since we own and control the app, which should result in more revenue and better results. In addition to our free SurgePhone Wireless service, the app will be preloaded on the Android handsets of True Wireless customers as well as other third-party Lifeline companies’ handsets. This should provide an additional stream of profit through ad network revenue sharing. All these monthly cash disbursements will require these customers to obtain a SurgePays Debit card for monthly cash reward disbursements. We expect this will drive between 15,000 to 20,000 SurgePays™ Reloadable Debit card activations per month, further enhancing brand loyalty and enabling us to maximize our relationship with underbanked customers.”

“Surge Logics completed the development and launch of InTake Logistics, a proprietary CRM software solution that delivers signed retainer services to clients. It is proving to be a direct benefit to clients that do not have the staff and infrastructure to handle the volume of leads Surge Logics generates. A strategic partnership with our affiliate, CenterCom Global, was formed to support these advancements. Forty-two (42) full-time staff members handle intake, reporting and technical support to streamline operations for an efficient and productive workflow. Surge Logics’ exponential growth can be attributed directly to proprietary software development and synergy with CenterCom Global. Surge Logic’s revenue has grown to over \$4.4 million year to date as compared to \$1.5 million in gross revenue in 2018. We expect the upward revenue trajectory to continue.”

### **Third Quarter 2019 Financial Results**

For the three months ended September 30, 2019, revenues were approximately \$4.9 million compared to approximately \$4.1 million for the same period last year. Operating loss for three months ended September 30, 2019 was approximately \$(1.1 million) versus operating loss of approximately \$(399,815) for the quarter ended September 30, 2018. Net loss for the three months ended September 30, 2019 was approximately \$(1.2 million), or \$(0.01) per share, versus a net loss of approximately \$(425,724), or \$(0.00) per share, in the same period last year.

A copy of the Company’s quarterly report on Form 10-Q has been filed with the Securities and Exchange Commission ([www.sec.gov](http://www.sec.gov)) and posted on the Company’s website at <https://surgeholdings.com/>.

### **About Surge Holdings, Inc:**

Surge Holdings, Inc. is a retail supply chain company leveraging blockchain technology to provide a virtual distribution hub for retailers, as well as offer telecom services for low income customers and financial payment services for the unbanked and under-banked. Surge products are delivered through a nationwide network of convenience stores and corner markets connected to the SurgePays™ retail blockchain network. This retail platform is designed to transform the traditional supply chain by providing local retailers seamless access to global products, and empowers the corner store to select, order and fulfill delivery of wholesale goods from around the country. This platform also provides manufacturers a cost-effective and efficient platform to access local retailers. For more information on Surge Holdings and its subsidiaries, please visit: <https://surgeholdings.com>.

### **Forward Looking Statements**

*This press release contains information that constitutes forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Any such forward-looking statements involve risk and uncertainties that could cause actual results to differ materially from any future results described by the forward-looking statements. Risk factors that could contribute to such differences include those matters more fully disclosed in the Company's reports filed with the U.S. Securities and Exchange Commission. The forward-looking information provided herein represents the Company's estimates as of the date of the press release, and subsequent events and developments may cause the Company's estimates to change. The Company specifically disclaims any obligation to update the forward-looking information in the future. Therefore, this forward-looking information should not be relied upon as representing the Company's estimates of its future financial performance as of any date subsequent to the date of this press release.*

### **Investor Contact:**

Crescendo Communications, LLC  
Tel: 212-671-1020  
Email: [SURG@crescendo-ir.com](mailto:SURG@crescendo-ir.com)



Source: Surge Holdings, Inc.